

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 7100

BILL NUMBER: SB 508

DATE PREPARED: Jan 27, 2000

BILL AMENDED: Jan 27, 2000

SUBJECT: School corporation budget year.

FISCAL ANALYST: Chuck Mayfield

PHONE NUMBER: 232-4825

**FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL**

IMPACT: State & Local

Summary of Legislation: (Amended) This bill repeals the requirement for school corporations to change to a July-June budget year. It removes expiration provisions for the July-June budget year pilot project. The bill changes the date back to September 20 for public hearings on proposed plans for school bus replacement and capital projects. The bill also provides that a school corporation must establish a school bus replacement fund that is separate from the existing school transportation fund.

Effective Date: July 1, 2000.

Explanation of State Expenditures: There are currently six schools involved in the school fiscal year budget pilot. The original pilot was designed for 10 schools but only six schools volunteered for the pilot. One of the six school has decided to return to a calendar year budget. The remaining five would like to retain fiscal year budget process. Originally all schools were to use a fiscal year budget schedule starting July 1, 1999. P.L. 273- 1999 postponed the starting date until July 1, 2001 and continued the pilots. This bill gives the school the returns all school to a calendar year budget.

There may be some minor impact on the Department of Education and the State Board of Tax Commissioners in assisting the current pilot schools in changing from the fiscal year schedule to the calendar year schedule. The short term impact would be offset by the simplification of the system by having all 294 school on the same budget cycle.

The changing of the Transportation Fund into two funds, the Transportation Fund and the School Bus Replacement Fund, should simplify the work of the State Board of Accounts and the State Board of Tax Commissioners. The current Transportation fund has two accounts in the fund, one is the operating account and the other is the school bus replacement account. Different property tax controls applied to each account. The changes in the accounting system to accommodate the separate accounts has caused both agencies some

extra work.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: (Revised) The bill splits the Transportation Fund into two funds, the Transportation Fund and the School Bus Replacement Fund. The current Transportation fund has two accounts in the fund, one is the operating account and the other is the school bus replacement account. Different property tax controls applied to each account. The bill does not change the property tax controls but should make it easier for the school to budget the two funds.

State Agencies Affected: Department of Education, State Board of Tax Commissioners

Local Agencies Affected: School Corporations.

Information Sources: Patty Bond Department of Education, (317) 232-0840